

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass the B-Engrossed Measure and Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	4 - 1 - 0
Yeas:	Atkinson, Bates, Prozanski, Avakian
Nays:	Beyer
Exc.:	0
Prepared By:	Sue Marshall, Administrator
Meeting Dates:	4/5

WHAT THE MEASURE DOES: Allows income and corporate excise tax credit for agricultural producers and collectors of biofuel raw materials (including forest or agriculture-sourced woody biomass, oil seed crops, grain crops, grass or wheat straw and animal rendering byproducts) used to produce fuel in Oregon. Specifies amount of credit per type of biomass. Allows income tax credit for consumers who purchase ethanol blended at 85 percent ethanol concentration and biodiesel blended at 99 percent biodiesel concentration for use in alternative fuel vehicles. Allows consumer tax credits for purchase of forest or agriculture waste or residue solid biofuel that contains 100 percent biomass (pellets) and biodiesel for home heating at 20 percent concentration of biodiesel. Sunsets the producer and consumer credits on January 1, 2013. Expands local property tax exemption for energy production facilities that produce ethanol, biofuel or verified fuel additives. Creates standards for biodiesel, ethanol and other renewable diesel to be monitored by Oregon Department of Agriculture. Requires Oregon Department of Agriculture to monitor biodiesel fuel production and ethanol production capacity in Oregon to initiate minimum fuel blending requirements statewide for biodiesel and ethanol. Requires retail sellers of gasoline to sell only gasoline that contains at least 10 percent ethanol within three months after Oregon production of ethanol reaches 40 million gallons per year. Requires retail sellers of diesel to sell only diesel that contains at least two percent biodiesel within three months after production of biodiesel in the state, using feedstocks from Oregon, Washington and Idaho, reaches five million gallons annualized for at least three months. Requires retail sellers of diesel to sell only diesel that contains at least five percent biodiesel within three months after production of biodiesel in the state, using feedstocks from Oregon, Washington and Idaho, reaches 15 million gallons annualized for at least three months. Excludes diesel fuel sold for use by locomotives, marine engines or home heating from biodiesel fuel content requirements. Restricts proportion of methyl tertiary butyl ether (MTBE) and other gasoline additives. Maintains exclusive farm use status for on-farm biofuel production facilities. Requires state-owned structures to use biofuel or direct-application electricity generated from biofuel, where diesel is currently used, for stationary or back-up generation. Required the Department of Energy to periodically conduct an impact study of the biofuels program.

ISSUES DISCUSSED:

- Meeting air quality standards through cleaner burning fuel
- Definition of biofuels
- Ability to form partnerships and to transfer the tax credit
- Whether or not tax incentives are needed
- Delivery mechanisms
- Ability of distributors to meet multiple standards
- Production capacity
- Economic impact to rural agricultural communities
- Testing standards and oversight by the State Department of Energy and State Department of Agriculture

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Both the Senate and the House passed different versions of biofuels legislation in the 2005 Legislative Session, but did not reach a compromise. Legislation was not enacted.

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This summary has not been adopted or officially endorsed by action of the committee.